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## FISCAL UPDATE Article

Fiscal Services Division

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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

### FY 2018 STATE SCHOOL AID UPDATE

During the 2017 Legislative Session, the General Assembly enacted [SF 166](#) (State Percent of Growth – Foundation and Categorical State Aid and Property Tax Replacement Payments Act), which included establishing the FY 2018 State percent of growth for regular school aid and the State categorical supplements at 1.11%.

The total amount generated for school districts in FY 2018 included:

- \$4.631 billion for the total combined district cost, an increase of \$153.6 million compared to FY 2017. The amount, in general, represents the total funding of State aid and school property taxes for school districts and Area Education Agencies (AEAs) generated through the school aid formula. (The combined district cost does not include preschool formula funding).

Program funding changes in the combined district cost include:

- An increase of \$46.7 million (1.5%) for the regular program amount. The regular program funding level accounts for approximately 70.1% of the combined district cost.
- An increase of \$7.5 million (3.9%) in funding for AEA programs. This includes special education support services, media services, and educational services, and includes the AEA State Aid reduction.
- An increase of \$59.9 million (13.0%) in total State categorical supplements (teacher salary, professional development, early intervention, and teacher leadership).
- \$3.189 billion for total State aid, an increase of \$90.2 million (2.9%) compared to FY 2017. The State General Fund portion of school aid totaled \$3.180 billion, an increase of \$90.0 million (2.9%). The State aid amounts include:
  - \$9.7 million transferred from the Secure an Advanced Vision for Education (SAVE) Fund to the Property Tax Equity and Relief (PTER) Fund for targeted property tax relief through the school aid formula.
  - An additional \$15.0 million reduction in State aid to the AEAs as required in [SF 516](#) (FY 2018 Standing Appropriations Act). This reduction is in addition to the \$7.5 million statutory reduction implemented annually.
  - \$46.8 million in Property Tax Replacement Payment (PTRP) funding. This provision requires State aid to account for the entire increase in the cost per pupil amount due to the State percent of growth in FY 2018 as specified in Iowa Code section [257.16B](#), which fixes the State obligation at \$83 per student for the year.
  - \$520.5 million for the State categorical supplements, an increase of \$59.9 million compared to FY 2017. This includes \$295.1 million for the teacher salary supplement for districts and AEAs, \$33.5 million for the professional development supplement for districts and AEAs, \$34.5 million for the early intervention supplement, and \$157.4 million for the teacher leadership supplement.

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Fiscal year 2018 was the third and final year the teacher leadership supplement was rolled in the school aid formula, which accounts for the majority of the increase.

- \$78.2 million for preschool formula funding, an increase of \$1.8 million compared to FY 2017. The preschool formula funding is included in the State aid amount, but is not included in the combined district cost total.
- \$1.475 billion in school aid property taxes (including adjustments for the commercial and industrial valuations), an increase of \$53.5 million (3.8%) compared to FY 2017. This includes:
  - \$862.1 million for the uniform levy (adjusted for the commercial and industrial rollback), an increase of \$34.2 million compared to FY 2017. This increase is a direct result of increased assessed valuations.
  - \$612.7 million in the additional levy amount, an increase of \$19.2 million compared to FY 2017 (adjusted for the commercial and industrial rollback).

**STAFF CONTACT:** Josie Gerrietts (515.725.2249) [josie.gerrietts@legis.iowa.gov](mailto:josie.gerrietts@legis.iowa.gov)